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CONFIDENTIAL

28 August 1956

BUDGET - 26
FINANCE - 31
FISCAL - 31
PAS - 28
TAS - 32

COMPTROLLER INSTRUCTION NO. 25

SUBJECT : General - Advances to Other U.S. Government Agencies
Specific - Accounting for

REFERENCE : Proposed Regulation

RESCISSION: This instruction rescinds Comptroller Notice 9-55 dated
9 May 1955

1. PURPOSE

The purpose of this Instruction is to outline the procedures that are to be employed in the accounting for advances to other U.S. Government Agencies.

2. AGENCY REGULATIONS

The reference proposed regulation prescribes the basic fiscal documentary requirements relating to activities involving the advance of funds to other U.S. Government agencies. This regulation provides that the Office of the Comptroller shall be furnished with documentation evidencing each such agreement or arrangement, setting forth, in addition to operating provisions, the specific financial provisions as to this Agency's responsibilities, the funding arrangements, the requirements for interim and final accounting, to liquidate the advance, and indication of the allotment to be charged.

3. PROCEDURES

a. Establishing Obligations

- (1) The document evidencing each agreement or arrangement with other U.S. Government agencies shall be obligated either for the total dollars indicated or, in cases where contractual document provides for the issuance of work orders or requisitions, each individual work order or the requisition shall be the basis for the establishment of the obligation. At the end of each fiscal year except in special circumstances as referred to in paragraph 3a (2) below, the amount established as obligations shall be adjusted to the

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amount reported as obligated by the advances agency during the fiscal year to which the advance is applicable, in conformance with the limitation set forth in Section 1210 of the General Appropriation Act of 1951.

- (2) Obligations representing work orders or requisitions outstanding at the end of a fiscal year which for operational or security reasons appear to require special or exceptional handling should not be adjusted based on the report from the other agency as to purchase orders issued but should be referred to the Comptroller for consideration and determination as to the special treatment to be made of such obligations.

b. Recording the Advances

- (1) All advances of funds to other U.S. Government agencies shall be recorded as assets in the accounts of the Finance or Fiscal Division, as appropriate.
- (2) Advances pursuant to agreements or arrangements for services or materials for which no individual work order or requisition is to be issued shall be recorded as an appropriation expenditure at the time of disbursement. At the end of each fiscal year the amounts recorded as appropriation expenditures shall be adjusted to the amount reported as obligated by the advances agency during the fiscal year to which the advance is applicable. (See paragraph 3a(1) above)
- (3) Advances made which are to be followed by work orders or requisitions shall be recorded only as assets until receipt of acceptable certified statements, invoices or other accountings, at which time the liquidation of the advances and the expenditures shall be recorded.
- (4) In order to facilitate the recording and reconciling of the advances to other U.S. Government agencies separate general ledger accounts have been provided for use by both the Finance and Fiscal Division, as follows:

Account No. 146.3 - Advances to Other U.S. Government Agencies (Appropriation Expended)

Account No. 146.4 - Advances to Other U.S. Government Agencies (Appropriation Unexpended)

c. Liquidation of the Advances

- (1) The advance accounts shall be liquidated on the basis of (1) acceptable certified statements, invoices or other accountings received from the advances agency, and (2) receipt of cash refunds from the other agency.

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- (2) In those instances where there is no property furnished which would be covered by usual receiving reports, as provided in property procedures, the accounting received from the other agency after being recorded shall be referred to the authorized agency official who entered into the agreement for approval and certification that the expenditures of the funds as reported by the other agency represents a proper and necessary expense and that the agency has received maximum benefit therefor.
- (3) With respect to advances made to the Armed Services when arrangements have been made to receive a quarterly schedule report covering all the advances made to that Service the following procedures will apply:
 - (a) Recordings shall be made immediately to reflect the liquidation of the advances as reported by the other agency in their report.
 - (b) A memorandum advice (copy attached) shall be prepared in triplicate covering each advance for which activity has been reported and the original and a copy transmitted through the appropriate Budget and Fiscal Officer to the authorized agency official who entered into the agreement or arrangement with the other agency for his certification of performance under the agreement. The third copy shall be maintained as a follow-up file pending the return of the original copy of the memorandum advice bearing the approval of the Authorized Agency Official. The approved memorandum advice shall be filed as a supporting document to the voucher recording the liquidation of the advances.

d. Report of Outstanding Advances

As of the close of business of each calendar quarter, a schedule setting forth the following information shall be prepared and made a part of the regular financial statement prepared by the Finance and Fiscal Divisions:

<u>Name of Agency</u>	<u>Date of Contract or Agreement</u>	<u>Date of Last Report</u>	<u>Balance of Advance Outstanding</u>
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e. Confirmation of Outstanding Advances

- (1) In those instances where the contract or agreement does not provide that a periodic report covering the advance account be submitted, it shall be the responsibility of the Finance or Fiscal Division, as applicable, in collaboration with the individuals designated as liaison with respect to the particular contracts or agreements to request statements of the unliquidated and unobligated balance of

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each advance as shown by the records of the other U.S. Government agencies at the end of each fiscal year. The statements from the other agencies should be forwarded to the attention of the Comptroller.

- (2) The Finance or Fiscal Division, as applicable, shall determine, from the statements submitted by the other agencies, the amount of the advance which has not been obligated by the other agency and shall, as appropriate, arrange through the Liaison Officer of the Office of the Comptroller for refund of such amount.

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E. R. SAUNDERS
Comptroller

ATTACHMENT:

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